



AVOIDING HOLIDAY DEBT

How many years have you spent the post-holiday season suffering from the devastating financial effects of your holiday generosity? It was fun while it lasted, but it is a struggle for many of us to pay off the debt we built up over just a few weeks.

If you find that you tend to overspend during the holiday season, you are not alone. According to the National Retail Federation, holiday retail sales have totaled **hundreds of billions of dollars each year** for the past few years – and they've increased steadily from year to year. Sounds like a huge amount, and some of it belongs to each of us.

Based on the Federation's data, the average consumer spends many hundreds of dollars on holiday shopping each year – often well over several thousand. For most of us, that's almost impossible to do without going into debt.

How can you avoid falling into this serious debt cycle? Here are some tips that can help you avoid holiday debt this year:

- » **Define your limits** – Think about your monthly living costs and about how much additional expense you can afford. Then set a budget, write it down and stick to it.
- » **Plan ahead** – There are lots of inventive ways to start saving up now. Give up "designer" lattes for a few weeks, and settle for coffee from the office break room. Use a few free gym tryouts rather than paying for a membership. Put aside the money you save and add it to your gift budget.
- » **Make a list, check it twice** – List all the gifts you plan to give, and how much each is expected to cost. Make an effort to include every little gift, and check yourself. Even the tiny items and stocking stuffers can add up! (If you don't know the prices, you can get a good estimate by checking online.) You'll end up spending much less if you know exactly what you're buying before you hit the stores.
- » **Think outside the (gift) box** – Be creative about what you decide to buy. Go for uniqueness and personal touch, not for expense and flashiness. Homemade (or home-baked!) gifts are always appreciated. Consider gift cards – they're available in multiple amounts and will never cost more than you planned to spend on them.
- » **Choose your stores wisely** – Many gift items (particularly the little ones, such as sweets and scented candles) can be easily obtained at discount shops. Prices online are often significantly lower than those at traditional brick-and-mortar stores.
- » **Try cash!** – This may seem like a revolutionary idea, but leave your credit cards home when you holiday-shop. It's much easier to notice the bills you see disappearing from your wallet than to track credit debt as it mounts. The exception is big-ticket items such as major appliances or home electronics, for which credit cards could make sense. But for these items in particular, set your limits and stick to them *before* you flash any plastic.
- » **Seek help** – Many non-profit agencies offer valuable free resources that can help you budget, save and avoid debt. To start, try Googling "budget." (As always when seeking help online, make sure you are dealing with reputable agencies, and take common-sense steps to avoid scams.) You can get free or low-cost credit counseling through an agency affiliated with the National Foundation for Credit Counseling (NFCC). Call (800) 388-2227 or log on to www.nfcc.org. Your EAP can also provide you with telephonic financial counseling, delivered by certified professional counselors (see sidebar).

This article is for informational and self-help purposes only. It should not be treated as a substitute for legal or financial advice, or as a substitute for consultation with a qualified professional.

Personal Financial Counseling

Your Employee Assistance Program (EAP) is a confidential service designed to promote your overall wellness and help you with behavioral health and daily living challenges.

MHN's certified financial consultants offer telephone assistance and referrals to help members with budgeting and debt reduction, credit counseling and tax planning.

**For more information, call
(866) EAP-4SOC
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